

## Very Little Revealed in 'Edited' Affidavit

By Charles Memminger  
*Star-Bulletin Writer*

For a few moments yesterday, it appeared that the public would get a peek at some of the secret claims made by Ronald R. Rewald in his sealed affidavit filed in federal court.

Assistant U.S. Attorney John Peyton allowed Rewald's confidential affidavit and a confidential memorandum by Rewald's attorney, Robert Smith, to be unsealed.

However, the previously secret material was a document riddled with large white areas, places where words, lines and whole paragraphs, apparently with references to the CIA, obviously were covered up before being mechanically reproduced.

The affidavit nevertheless sheds some light on Rewald's background and his feelings about what has happened to him. The whited-out gaps between different parts of his testimony provide intriguing pauses.

FOR EXAMPLE, at one point Rewald describes his college education. He does not claim to have attended Marquette University or Marquette Law School, as he had in the past. Instead, he said he attended a two-year junior college, Milwaukee Institute of Technology. In his list of the different activities he was involved in while in college, the first

white space appears. Sources have said that Rewald had been affiliated with the CIA while in college, as one of the students used to infiltrate student radical groups to determine if they were financed by foreign governments.

Another large white area apparently refers to a report prepared by Bishop, Baldwin, Rewald, Dillingham & Wong on the flight of Hong Kong capital because of the pending takeover by China.

TWO FINANCIAL experts who reviewed the report at the request of the Star-Bulletin, described it as a "lightweight piece" that could have been put together by high school students.

Rewald, in his affidavit, said the report is worth \$2 million in potential investments.

Judge Pence disagreed.

The affidavit describes the effect that Rewald's troubles and the collapse of his company are having on his family.

"My wife and children are split up, living with relatives who had their life savings in Bishop, Baldwin," he said.

"I am in prison on \$10 million bail and couldn't raise \$5,000 if my life depended on it. My oldest children had to quit school to get jobs. My wife is working as a housekeeper, trying to hold what's left of the family together . . ."

The sentence is left incomplete, followed by a white space.

# Had no intent to bilk clients, Rewald insists

By Walter Wright  
Advertiser Staff Writer

Ronald Rewald suggested yesterday that had he intended to defraud investors in his firm he would not have accepted investments from family and employees, and he would have fled with \$680,000 in cash instead of attempting suicide on July 29.

But the bankruptcy trustee in the case countered last night that Rewald's operation was "a fraud, an absolute scam, and it is an absolute disservice to the public and those who may hope to get their money back for Rewald or his attorney to represent what was going on as legitimate."

Rewald — who contacted The Advertiser last night through his attorney, Robert A. Smith — says there is no need for the \$10 million bail in his theft case because he has no money stashed away so he cannot flee.

Smith said some of Rewald's points are included in documents filed Friday in federal court.

Those points are in the "confidential" portions of the court filing, Smith said, but they themselves do not involve classifiable information. The court has sealed for government review any filings relating to any connection between Rewald and the CIA or to other classifiable matters.

Rewald's company appears to have been used at least as a mail and telephone "drop" for

five CIA "cover" entities.

Hayes confirmed yesterday that many of Rewald's relatives and employees were among those who lost funds as investors. However, he said, that fact does not prove Rewald innocent.

Smith also raised a new argument about Rewald's intentions. "If he intended to bilk the company of money for his own personal gratification, there was \$280,000 in Hawaii National Bank and \$400,000 in a payroll account on July 29 which he could have taken" and fled instead of attempting suicide.

It is Hayes's position that Rewald spent much of the company's money on himself over a long period of time, and he finally was about to be caught. "If things were going so well on July 29, why did he attempt suicide?" Hayes asked.

Rewald also said that Hayes told him during Rewald's visit to the company offices two weeks ago that he believed he could account for "every penny" of the money that came through the firm, and that he said it had all been spent.

"That," Smith contends, "does away with the notion that there are vast amounts of money stashed away. And that in turn does away with the argument for a high bail" on grounds Rewald is so rich he could meet a lower bail and flee, Smith said.

Rewald's argument holds water, Hayes said, only if you assume that Rewald got only

money that first hit the company books.

Rewald yesterday also "corrected" information from his affidavit. He says he believes his personal net worth is \$4 million, not \$3 million, and that Bishop, Baldwin, Rewald, Dillingham and Wong is due \$175,000 in commissions from a trading company in the Far East, not half that amount as reported. Rewald's and the firm's assets have been frozen by the court.

Rewald also augmented the record on his education. He said he received a degree from a junior college in Wisconsin, and then, in the mid-1960s, took at least three night courses from Marquette University.

Rewald reportedly had claimed earlier that he was graduated from Marquette.

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## Rewald's CIA Link Established; FBI Takes Classified Documents

By Charles Memminger  
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With acknowledgment by the U.S. Attorney's office yesterday that some "classified" documents were found in Bishop, Baldwin, Rewald, Dillingham & Wong's files, discussions have now changed from "whether" Ronald R. Rewald worked for the CIA to how extensive his involvement with the agency was.

U.S. Judge Martin Pence yesterday appointed an FBI agent with national security clearance to take custody of six packets of classified documents found by CIA and FBI agents who sifted through a mountain of records from the company.

Pence also ordered bankruptcy trustee Thomas Hayes to turn over any copies of a classified document "presently in his possession" and for Rewald's attorney, Brook Hart, to turn over any copies of classified material he might have.

Hayes said he would turn over the document, which is a letter Rewald sent earlier this year to Jack Rardin, head of the CIA office here.

In the letter, Rewald asked that the CIA intervene in an Internal Revenue Service investigation of Rewald's tax liabilities, pointing out that the investigation would hurt Rewald's "cover," Hayes said.

HAYES SAID the letter was "something the CIA had obviously missed," when agents went through the files three weeks ago. Hayes found the letter after all of the records were returned to him. He gave the original letter to the CIA reviewing team on Aug. 24, he said, but kept a copy of it.

Hayes said he believes Rewald was merely a "bit player" for the CIA and that the company may have been used as a CIA "mail drop."

Rewald is under criminal investigation by the IRS, and a federal magistrate recently gave IRS investigators the power to

seize Rewald's financial records.

Hayes said Rewald's CIA connection has nothing to do with the fact that he apparently misused millions of dollars of investors' money.

"There is nothing in the letter that would indicate any link between his role as a CIA mail drop and any of his activities involving investors," Hayes said yesterday.

Police sources who have been investigating Rewald and his bankrupt company also have said they suspect Rewald only had a minor role with the CIA, possibly passing information on to John Kindschi, the former head of the CIA office here who worked as one of Rewald's consultants after retiring.

BUT A FORMER consultant to Rewald, who asked not to be named because of possible pending litigation, said he believes Rewald had a more important role. He said classified informa-

tion came into the office and was passed on to both Kindschi and Rardin. Some of the classified information was transported by Sue Wilson, the company's former office manager who allegedly had been employed by the National Security Agency, sources said.

Because Rewald's CIA relationship is now public, the consultant said he hopes it will have an affect on Rewald's case.

"It should have the effect of slowing down things from the hysterical atmosphere of the past," he said.

He said he hoped the CIA now would be "more reflective on what it should do."

"Their initial reaction was to deny everything," he said. "Now there is certain information available they are going to have to make a big decision about what to do."

U.S. ATTORNEY Daniel Bent would not comment on what the classified documents were that were found in Rewald's files.

He said the court-appointed security officer will make copies of the documents under court seal and distribute copies to his office and to the CIA. An affidavit will then be prepared telling the court why the documents should remain under seal.

At Bent's suggestion, Judge Pence appointed FBI special agent Robert L. Heafner as an interim court security officer to take custody of the classified material.

Bent said the discovery of the documents has not affected the

criminal investigation of Rewald.

"The FBI is continuing its investigation," he said.

THE HUNT for classified material began after attorney Hart turned over to the court 18 boxes and two garbage bags of records that had been taken from Bishop, Baldwin, Rewald, Dillingham & Wong's offices

after Rewald's suicide attempt.

Hart took the action after he saw certain documents that he thought should be reviewed by someone with national security clearance.

Hart said last night he apparently did the right thing in light of the U.S. Attorney's action yesterday. He said he could not discuss what Rewald has told him about his connection with

the CIA because it would violate his attorney-client privilege.

As for the court order directing him to turn over any copies of classified documents he might have, Hart said, "There is nothing to turn over. We don't have any copies."

Rewald's civil attorney, Robert Smith, said he had no comment to make about the discovery of the classified material.

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He did say, however, that talks have resumed between him and Hayes about the release of Rewald from prison temporarily to allow him to help try to find company assets.

REWALD HAS BEEN in jail in lieu of \$10 million bail since being charged with two counts of theft of investors' money.

One of those charges, ironically, stemmed from a statement given to police by the former CIA office head Kindschi. Kindschi told police he lost \$200,000 in the company.

Investors continue to file claims in U.S. Bankruptcy Court. Total claims now surpass \$5 million. Hayes has testified in court that investors probably put between \$10 and \$12 million in Rewald's company.

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## 'Mystery Woman' Sought in Bankruptcy

By Charles Memminger  
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The former office manager of Ronald R. Rewald's bankrupt investment company remains a somewhat mysterious figure in the unfolding tale of Bishop, Baldwin, Rewald, Dillingham & Wong.

Sue Wilson, a 35-year-old divorcee, has been described by people within the company as Rewald's "right-hand man."

It was Wilson who signed a large number of the checks drawn from the investors' accounts, many of which went to pay for Rewald's personal expenses. Wilson also was in charge of the daily flow of money in and out of the company.

It is also Wilson who was named in court as having liquidated possibly \$1 million in stocks from the McCormick trust, a multi-million dollar trust fund that Rewald had transferred

from Mellon Bank in Pittsburgh to his control last year.

Wilson had power of attorney over the trust, bankruptcy trustee Thomas Hayes has said.

AND IN LIGHT of Rewald's connection to the CIA, Wilson also has come under scrutiny because of her own possible ties to a government agency.

Sources close to the case have said Wilson at one time worked for the National Security Agency, an agency of the Defense Department. The National Security Agency is headquartered at Fort Meade, Md., near Baltimore, where Wilson was born and lived before coming to Hawaii. According to a government information directory, the National Security Agency advises the president on matters of security and collects information on national defense.

A former consultant with Rewald's company said only

Wilson was cleared to transport "classified" material to Jack Rardin, current head of the CIA here, and to John Kindschi, head of the office before Rardin. Kindschi joined Bishop, Baldwin, Rewald, Dillingham & Wong as a consultant after he retired from the CIA.

SINCE THE FALL of Rewald's company, Wilson has not been seen, even though several agencies would like to talk to her. Sources said Wilson had been served with a subpoena to appear before a federal grand jury investigating the Rewald case, but that the subpoena eventually was canceled. The grand jury met once several weeks ago after the company was forced into bankruptcy, but has not been convened since.

Honolulu police are trying to find Wilson to serve her with a subpoena to produce documents pertaining to Rewald's company. Although members of the white-collar crime unit think they may know where she is, the

subpoena had not been served as of yesterday.

Trustee Hayes also would like to talk to Wilson in his effort to track down company assets. Officials close to the case say that if anyone knows where company assets can be found, it is Wilson.

Hayes' attorneys also are planning to subpoena the former office manager.

"We want to know what the hell was going on here," Hayes said in a recent interview when asked about his interest in Wilson.

THE LAST TIME Hayes saw Wilson was four weeks ago, minutes after he was appointed interim trustee. Hayes walked directly from the federal court house to the company offices and told people there of his appointment and arranged to have door locks immediately changed. Wilson came to the door, holding the company's mail, Hayes said. She refused to identify herself and tried to walk away with the mail. Hayes said he fol-

lowed her to the elevators and convinced her to hand over the letters.

Wilson has been described by former consultants and employees as one of the most powerful people in the company. If Rewald had died, they said, it is Wilson who would probably know the most about the company's activities.

Although she was hired by company president Sunlin L.S. "Sunny" Wong, apparently sometime in 1980, Wilson quickly became aide and confidante to Rewald. She served as his protector, isolating him from certain people in the office, eventually including Wong, a source said.

ALTHOUGH SOME describe her as a concerned mother to the child she has custody of and a diligent worker and organizer, others said she was "ice cold" to office staff members and "terrorized even the consultants."

According to court records, Wilson came to Hawaii in 1974 and married a local fisherman in 1976. The marriage did not last and the couple was separated in December 1977. Divorce proceedings dragged out for four years with a final split coming in August 1981. Wilson kept custody of her six-year-old girl and her husband, Lymey Wilson, took custody of a son by a previous marriage.

Wilson worked as a hair-stylist and secretary for the Honolulu Board of Realtors before being hired in 1980 as a legal secretary for attorney Russell D.C. Kim.

Kim also was one of the attorneys who worked for Rewald and had an office in Bishop, Baldwin, Rewald, Dillingham & Wong's suite.

By October 1980, she apparently had joined Rewald's company because she sent out personal letters on Bishop, Baldwin, Rewald, Dillingham & Wong stationery.

Court documents shed little light on Wilson's past. She lists no Social Security number on her divorce form and the mid-

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die initial of her name changes from "I" in early documents to "E" in those filed later. She listed only \$30 in savings at the time of her divorce and personal belongings worth only \$100.

But it was only months later, according to information revealed in court testimony, that Wilson was given power of attorney over at least one multi-million-dollar trust fund and controlled millions of dollars of investors' money.



Sue Wilson  
*Reynold's confidante*